

BEFORE THE DEPARTMENT OF JUSTICE  
OF THE STATE OF MONTANA

In the matter of the adoption of NEW RULE I )	NOTICE OF ADOPTION
-identification decal for video gambling )	AND AMENDMENT
machines; NEW RULE II-define system )	
availability; and the amendment of ARM )	
23.16.1802, 23.16.1803, 23.16.1807, )	
23.16.1823, 23.16.1826, 23.16.1916A, and )	
23.16.2101 concerning definitions, online )	
permitting for video gambling machines, )	
issuance of updated gambling operator )	
licenses after permitting, renewal of )	
gambling operator licenses, quarterly )	
reporting requirements, accounting system )	
vendor license fee, and requirement for )	
parties to multi-game agreements to connect )	
to an approved system )	

TO: All Concerned Persons

1. On August 10, 2006, the Department of Justice published MAR Notice No. 23-16-179 regarding the public hearing on the proposed adoption and amendment of the above-stated rules at page 1936, 2006 Montana Administrative Register, Issue Number 15.

2. The Department of Justice has adopted New Rules I (23.16.1811) and II (23.16.2102) as proposed, and amended ARM 23.16.1802, 23.16.1803, 23.16.1823, 23.16.1826, 23.16.1916A, and 23.16.2101 exactly as proposed.

3. In the proposal notice, ARM 23.16.1807(4) was renumbered as (3), but (4) should have been completely interlined and (5) renumbered to (3). The department amends the rule with the following changes, stricken matter interlined, new matter underlined:

23.16.1807 ISSUANCE OF VIDEO GAMBLING MACHINE PERMIT DECAL

(1) remains as proposed.

(2) ~~The machine may not abut another machine, wall, or other obstruction which would obscure a person's ability to see and read the permit decal.~~ The gambling operator must receive the updated operator's license listing all renewed or newly permitted video gambling machines before the video gambling machines may be placed in service.

(3) remains as proposed.

(4) ~~A permit decal may only be affixed to the machine issued the permit and is not transferable to any other machine.~~

4. A public hearing was held on August 31, 2006. The following comments were received and appear with the Department of Justice's responses.

General Comments: Mark Staples representing the Montana Tavern Association provided verbal comments generally in support of progress being made to implement the new database. Mr. Staples indicated support for more specific issues to be offered by representatives of gambling organizations.

Rich Miller representing the Gambling Industry Association offered verbal comments generally in support of progress being made to implement the new database, but questioned specific plans for implementation. He had additional concerns that all gambling locations may not have the technological capacity to go online for some machine permits and letters of withdrawal, and suggested the rules authorize electronic transfer of a license and the operator's use of a facsimile license in place of the original.

Response: The department believes that most remote transactions will be initiated from the route operator's office location and not the location where the machines are vended. For most permitting transactions, the issuance of an updated license should occur almost immediately after submission of the online application.

Proposed Rule I:

Comment 1 on required documents: Mr. Miller suggested the department specify what tapes and documents are required to be submitted under (5)(b) of New Rule I.

Response 1: The division plans to create a form for the route operator to certify that the decal has been placed on the properly identified video gambling machine and an audit ticket that provides the serial number of the video gambling machine.

Comment 2 on decal placement: Mr. Miller offered verbal comments and Ronda Wiggers provided written comments in regard to the need for more specific instructions on the placement of the permanent identification decal.

Response 2: The department plans to provide specific instructions for removal and replacement of the existing permit decal with the permanent identification decal. In the past the department has provided specific placement instructions for different types of video gambling machines and plans to utilize similar instructions for the permanent identification decal.

Comment 3 on machine owners placing decals: Mr. Miller offered verbal comments and Ronda Wiggers provided written comments questioning who should place the permanent identification decal on machines.

Response 3: The department plans to allow route operators to place decals on all of the video gambling machines that they own. The department plans to utilize staff to place decals on the machines owned by individual operators. Route operators have staff doing service work on machines and are familiar with placing the decals. Because route operators will likely be the first to move machines, they need to get the permanent decals on the machines as soon as possible. The department believes that there will be less urgency with operator owned video gambling machines. Operator owned video gambling machines make up approximately 25% of all video gambling machines.

By: /s/ Mike McGrath  
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Rule Reviewer

Certified to the Secretary of State September 11, 2006.